



# House of Representatives

General Assembly

**File No. 203**

*January Session, 2013*

House Bill No. 5565

*House of Representatives, March 27, 2013*

The Committee on Banks reported through REP. TONG of the 147th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## ***AN ACT CONCERNING REVERSE MORTGAGE TRANSACTIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective October 1, 2013*) (a) For purposes of this  
2       section, "required minimum age" means the minimum age set by the  
3       federal government for a reverse mortgage transaction guaranteed by  
4       the Federal Housing Administration or by the private company that  
5       develops a reverse mortgage for a private reverse mortgage  
6       transaction.

7       (b) No creditor who enters into a reverse mortgage transaction, as  
8       defined in 12 CFR 226.33, with a married resident of this state shall  
9       require the older spouse of the married couple to be the sole individual  
10      obligated on the reverse mortgage transaction unless the younger  
11      spouse was younger than the required minimum age when the reverse  
12      mortgage transaction was originated and, therefore, did not qualify as  
13      a borrower on such transaction.

This act shall take effect as follows and shall amend the following sections:
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Section 1	<i>October 1, 2013</i>	New section
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**BA**      *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

The bill results in no fiscal impact to the Department of Banking as it concerns the interactions between private entities and individuals.

**The Out Years**

**State Impact:** None

**Municipal Impact:** None

**OLR Bill Analysis****HB 5565*****AN ACT CONCERNING REVERSE MORTGAGE TRANSACTIONS.*****SUMMARY:**

This bill prohibits a creditor from requiring an older spouse to be the only borrower in a reverse mortgage transaction. The bill makes an exception if the non-borrowing spouse is below the required minimum age to qualify for a reverse mortgage.

The bill defines “required minimum age” to mean the minimum age set by the federal government for a reverse mortgage transaction guaranteed by the Federal Housing Administration (age 62) or by the private company that develops a reverse mortgage for a private reverse mortgage transaction.

EFFECTIVE DATE: October 1, 2013

**BACKGROUND*****Reverse Mortgage Transaction***

Federal regulations define a reverse mortgage transaction as a nonrecourse consumer credit obligation in which:

1. a mortgage, deed of trust, or equivalent consensual security interest securing one or more advances is created in the consumer’s principal dwelling; and
2. any principal, interest, or shared appreciation or equity is due and payable (other than in the case of default) only after:
  - a. the consumer dies;
  - b. the dwelling is transferred; or
  - c. the consumer ceases to occupy the dwelling as a

principal dwelling (12 C.F.R. § 226.33).

**COMMITTEE ACTION**

Banks Committee

Joint Favorable

Yea     17     Nay   0     (03/14/2013)